



District of Columbia Water and Sewer Authority

MINUTES

**88th Meeting of the Board of Directors
Thursday, May 6, 2004**

Present Directors

Glenn S. Gerstell, Chairman
Bruce Romer, Vice Chairman
David J. Bardin
James Caldwell
Fariba Kassiri
Alfonso N. Cornish
Michael Hodge
Alexis Roberson
Anthony Griffin

Present Alternate Directors

Paul Folkers
Larry Coffman
David Lake
Michael Dutton

WASA Staff

Jerry N. Johnson, General Manager
Wendy Hartmann-Moore, Interim General Counsel
Linda R. Manley, Secretary to the Board of Directors

Chairman Gerstell convened the May 6, 2004, Board of Directors meeting at 9:39 a.m.

Ms. Manley, Board Secretary, called the roll to establish a quorum.

Approval of Minutes of April 1, 2004 Meeting

It was Moved by Vice Chairman Bruce Romer that the minutes of the Board of Directors meeting of April 1, 2004, be approved. The motion carried unanimously.

Committee Reports

Community and Customer Service

Reported by: Michael Dutton

The Customer and Community Services Committee met on April 13th. The General Manager updated the Committee on the lead service lines. Mr. Johnson stated that the Task Force is continuing to meet weekly, and recognizes that the lead service lines are a problem for the entire District not just WASA.

Mr. Bardin indicated that the Authority's website information should be consistent with other agencies lead information. The General Manager stated that staff is working to provide accurate information with a consistent message across the board from WASA to EPA to DOH.

Mr. Kiely provided the Committee with a Lead Services Hotline update. Call volume has decreased significantly from an average of 1, 500 calls per day to 400 calls per day.

Pat Wheeler provided a communications update and informed the Committee that the media base had been expanded to include Asian and Korean media. She reported that approximately 300 letters were mailed to advisory neighborhood commissioners regarding the Board's proposed resolution and upcoming retail rates community meeting schedule.

Pat Wheeler presented the Committee with the Lead Services Communications Plan which outlines specific action items and milestones, including website content, communications to at risk population, public service programs on television and radio, collateral material in multiple languages, etc.

Ms. Murray suggested that the Authority get more involved with regularly established civic and citizens association meetings.

Mr. Bardin asked if there was a concise point that the Authority should make in regard to the questions, "What are the health risks associated with lead in drinking water?" and "What is the Public Health advice to apartment building dwellers?" Mr. Johnson said at the request of EPA, WASA and DOH, staff is doing a "controlled sampling" program for apartment dwellers and condo owners, and buildings other than identified lead service line single-family homes.

Ms. Murray suggested that WASA conduct a customer survey to determine who is actually consuming the water. Mr. Johnson suggested an independent research focus group study with WASA customers.

Wendy Hartmann-Moore suggested the Retail Rates Committee set and establish special rates for the replacement of lead service lines on private property, in relation to

Customer Assistance Program (CAP) customers. She will present legal procedures on how to set such rates.

Mrs. Moore said the Retail Rates Committee could develop policy to discount customers bill, which would assist with the payment of their portion of the lead service pipe replacement program on their property. Mr. Bender and Mr. Marcotte said the discount should be for CAP homeowners and not CAP renters, because it becomes an issue as to whether the landlord would offer a rent reduction to the individual apartment tenants.

Mr. Marcotte said the cost to the property owner for replacement of the lead service line could average approximately \$100 per foot. There are about 400 CAP homeowners that have been identified.

Environmental Quality and Operations Committee

Reported by: James Caldwell

Mr. Caldwell reported that the Committee met on April 15th and was presented a status update on the plant. Flows during the month of March and mid April averaged between 350 to 400 million gallons per day mirroring rainfall.

NPDES permit requirements are being met. There was some question about lead in the influent to the plant as an indicator of lead in the system. The Committee was informed that lead in the influent has tended to be stable and declining over the last several years. Lead in the effluent is less than 1 ppb. The removed lead, disposed of with the biosolids, is approximately 10 percent of the biosolids limit for lead content.

EPA published a draft final NPDES permit for public comment last month, and the 30-day comment period ends Monday, April 19. The Blue Plains issues are minor, and appear to be resolved in WASA's favor. However, there is a pending issue where EPA is attempting to establish numerical limits for the CSO discharges. The Committee asked that the staff look into whether or not the numerical limits are across the nation with all cities that have CSO issues, or is the Authority singled out for this approach.

Mr. Caldwell reported that within the next 30 days, the Washington Aqueduct is going to make its final decision on the addition of orthophosphates to the water supply. By June 1st the new treatment will be added to the fourth high area as a trial. The presumption is by September 1st the treatment will be used system-wide.

Mr. Marcotte made a presentation to the Committee on the Blue Plains Facility Planning Study that is currently underway. This is an important study because there are significant future requirements to the liquid treatment train at Blue Plans for reducing nitrogen discharges as a result not only of the Chesapeake Bay program goals, but the long-term control plan and various treatment processes within the system that will require recycling of waste.

After a lengthy discussion and understanding of what is actually going to be undertaken with this study, the Committee agreed that staff should attempt to follow the same process that was followed when the Authority looked at the biosolids treatment options.

This was a comprehensive undertaking where staff included not only technical people but regulatory, staff and some public stakeholders

While it is going to be pretty much the EPA and the District Department of Health that will set the criteria for how much nitrogen is to be removed from the plant through the Chesapeake Bay Program, there is some interest in looking at the size of this facility, whether the Authority could reduce more nitrogen than may be required by the permit. The Authority could use it as almost a trading issue with some of the small facilities where their costs might be higher to try to remove the same amount of nitrogen.

Mr. Caldwell reported that 27,000 filters have been distributed to customers. As of to date the Authority received about 13,000 test results. There is an additional 10,000 tests in process.

The Committee discussed the prioritization of the 500 high priority replacements for this year that need to take place in the lead service lines. The criteria for lead service line replacement endorsed by the Department of Health and EPA are as follows: First priority would be day care centers caring for five or more children, which would be approximately 100 facilities. Second priority would be homes where children have had high blood lead levels within the last three years, which would be an additional 100. Third priority would be those homes with the highest second draw readings where there are children younger than six or pregnant or nursing women. That should round out that top 500 priority.

The Committee discussed briefly the concept of homeowners who desire to replace their lead service lines and are not part of that priority process and whether or not the Authority would propose some sort of reimbursement process if the homeowners were to proceed ahead of schedule and replace not only the public but also the private portion of the line. The Authority would then reimburse them for the public portion of that line.

Staff determined that the actual cost and assumption would be between \$10,000 and \$12,000 per household. But when a private resident went out to contract, it was between \$20,000 and \$30,000. The Authority has identified an approach of working within the Authority's contracts as a change order fully funded by the property owner.

The Committee was provided a briefing on the procurement process for the egg-shaped digesters. Meeting some of the criteria for the MBEWBE criteria could be difficult because of the unique nature of the facilities under design. The Committee requested that staff re-address the issue and try to fulfill the criteria that EPA puts forward for MBEWBE.

The Committee then had a brief discussion on the status and issues associated with CSO stormwater management program. The Authority is on schedule with the NPDES Permit.

Staff provided the Committee an update on the three-party consent decree project . The inflatable dams were put into operation in March. The Main and O Street Pumping Station are about a year ahead in the permitting process. The signs at the outfalls, other than those on National Park lands, have been installed.

Finance and Budget Committee

Reported by: Chairman Gerstell

Chairman Gerstell reported that the Authority's financial performance continues to be on track with the budget. With 50 percent of the fiscal year completed, revenues were at 50 percent of budget.

The operating expenditures are also in line with the budget. There were a few areas where staff anticipate some savings. There are, however, some \$13 million of additional expenses associated with lead issues including testing and additional sampling.

The Committee was provided a summary on March's capital disbursements. March spending was \$17.9 million, and year-to-date spending totaled \$136.2 million, or 61 percent of the disbursements budget with 50 percent of the fiscal year completed.

The capital program is moving ahead faster than anticipated, which is good progress, as opposed to cost overruns or increases in the lifetime budgets of particular projects. In particular, the CSO service area is going to end up at about 126 percent of the budget due to accelerated activities in that area. Similarly, the water service area will end up ahead of budget due to the lead service replacement program as well as the Bryant Street pumping station rehabilitation.

Cash balances were on target at 166 million, again in compliance with the Board's policies and the Authority's indenture requirements.

The Committee discussed the long-term financing plans and the continued question of whether the Authority should use variable rate debt or fixed rate debt. The Committee reaffirmed after evaluating staff and outside consultants' proposals to proceed with the variable rate debt. The amount of the potential bond issue has been increased to \$280 million to reflect some additional expenses.

The Committee asked staff to continue to look at whether the size of the Authority's commercial program, which is \$100 million, is the right size given our accelerated capital expenditure program. The timetable for the Bond issuance is that the Board would be asked by management to vote and officially approve the actual transaction at the June meeting and issue the bonds in July.

The Committee discussed the Authority's insurance policies. One issue that came up before the Committee was whether the Authority should purchase an extended discovery period that allows claims to be made during a subsequent period and be covered by the original insurance. The Committee decided that it was prudent to

protect the Authority and thus ultimately its ratepayers because when we say "protecting the authority" we are really talking about our ratepayers.

Finally, the Committee looked at a number of alternatives for assisting customers, as Mr. Caldwell already stated in his report, with financing the private portion of the lead service line replacement.

The alternative that stood out the most as the most attractive, which staff is continuing to pursue, is an arrangement with one or more local banks that would provide a loan program for a long period of time, possibly 10, 15 or 20 years at attractive interest rates to low income customers who perhaps could not on their own afford the cost of replacing the lead service line.

The bank would make the loan, although WASA would in effect refer customers to the bank. They are not obligated to do that. It is just simply an option the Authority would be making available as a service to them.

The other alternative the Committee reviewed and approved is a procedure where the Authority would standardize the rates for lead service line replacement. This could possibly be set at \$100 per linear foot and \$500 for inside work as a baseline. Chairman Gerstell noted that WASA has a series of standardized rates for various services when people connect to the service lines. They are not done on a time and materials basis, but done on a flat fee basis. It is thought that that is fair and efficient. The Committee would propose to set those as standardize rates.

Retail Rates Committee

Reported by: Chairman Glenn Gerstell

The Committee recommended for approval the expansion of the Customer Assistance Program to include tenants.

The Committee reviewed the lead service line replacement options and considered them in the context of the Retail Rates Committee.

General Manager's Report

Reported by: Jerry Johnson

Mr. Johnson distributed to the Board an update on the CSO control litigation that is occurring. The memorandum lays out dates and the judge's most recent orders associated with that particular action.

Mr. Johnson reported that the upgrade of the customer billing information system was completed the weekend of April 14th. He stated that there were some 41 parameters that have changed in the overall system.

Mr. Johnson noted that on pages 3 through 5 of the General Manager's report is the second quarter review of all of the capital project areas. He stated that at this point, the Authority has spent \$136.2 million or 61 percent of its projected spending for the year.

Mr. Johnson reported that the command center received 53,000 calls to date since February 1. The Authority distributed 23,348 test kits and responded to about 6,500 e-mails.

The Authority has upgraded another computer system to establish a lead service system that includes tracking mechanisms and cross-links to the customer service systems.

Mr. Johnson noted to the Board that behind attachment 2 of the report is a letter from EPA approving the corrosion control. Staff is currently reviewing the letter to ensure that the requirements that are being made of the Authority are consistent with EPA regulations and law.

Mr. Johnson reported that the Authority will begin the Corrosion Control Program, which includes the addition of zinc orthophosphate by the U.S. Corps of Engineers in the Fort Reno area or the fourth high system, around June 1. The Authority will go system-wide by the fall of the year.

Mr. Johnson noted that on page 14 of the General Manager's report is a summary from the communications plan that the Authority advanced to EPA.

Mr. Johnson reported that the Authority discontinued the testing of schools for a short period of time waiting for a written approval from EPA on the protocols associated with the school testing. The Authority has, at the request of COG, distributed those on a regional basis to ensure that people in the region are primarily focused in the same general area and understand what the expectations are from EPA. Ninety percent of all of the samples came out below the EPA trigger levels.

The Authority found 44 fixtures in 29 different facilities and out of 1,990-some individual test samples that were taken that were above the action level. Seventy-three percent of the 96 percent that were below the action level were actually below the level of detection. This gives the Authority a great deal of comfort that it is a fixture issue within the school and not a system problem within the distribution system because of that very high level of non-detects.

Mr. Johnson acknowledged employees in the maintenance group. The Authority was awarded the American Academy of Environmental Engineers Award for excellence in environmental engineering. This is the first in the Nation maintenance training and certification program for the water and wastewater industry.

Asbestos Presentation

Presented by: Michael Carter

Mr. Carter provided the Board a summary of an incident at the Blue Plains plant involving accidental exposure to asbestos. He stated that on March 11th Construction Dynamic Group, (CDG) reported probable asbestos in one of the work areas. The Authority immediately implemented emergency measures to protect employees and

other personnel. An internal review was initiated by the Department of Safety and Health, Department of Engineering, as well as CDG.

Initial findings indicated that the asbestos possibly began with work performed by the contractor in December 2003. It was not reported as a problem until March 11. Approximately 65 WASA employees plus contractors were in and out of the building during that time. The Authority has worked to identify those WASA employees as well as contractors.

Air sampling has indicated that there are no airborne asbestos filters, but the graph samples indicate particles of fibers. The initial findings are that the project design and construction specifications clearly define the presence of asbestos in the building and the locations.

The Authority has taken immediate actions to protect workers. Actions include informing management, employees and union officials, proposing a removal of workers from the building, and limiting access to only trained and qualified personnel. The Authority contacted WASA's occupational health physician for assistance. Dr. Smith-Jeffries was present.

The Authority is evaluating environmental test results and have met continuously to inform the WASA employees of the asbestos incident and health measure that the Authority will take to ensure their safety and health, as well as informing contractors that work with them on the incident.

The Authority's preliminary recommendations are as follows:

- Removal of asbestos on the wall creating the problem before completing the construction
- Establish an on-going asbestos monitoring program for the building as work proceeds
- Consider avenues of recovering losses related to this incident
- Re-affirm the importance of asbestos abatement in future projects according to OSHA and EPA standards
- Expand employee asbestos awareness and training

Mr. Johnson assured the Board that the Authority will continue health screening and monitoring of employees.

Dr. Smith-Jeffries, Occupational Physician, stated that there were three informational meetings for employees where she informed them of the adverse health effects of asbestos exposure and recommended that they go into a post-asbestos exposure surveillance program as recommended by OSHA.

Public Health Issues Related to Lead Presentation

Presented by: Tee L. Guidotti, MD, MPH

Dr. Guidotti provided the Board with some background on the issue of lead in drinking water. Dr. Guidotti stated that drinking water is at most a minor source of lead for

children. The drinking water may contribute a small amount of lead if there is sustained exposure. He stated that children of greatest concern, the specific target population that preoccupies us, are those who already have a significant body burden of lead defined by the CDC maximum of ten micrograms per deciliter or over. Dr. Guidotti stated that lead is a natural element and it is present in the soil. There is no natural medium that does not have some small amount of background lead content.

Dr. Guidotti reported that lead in the environment was insignificant until the 1800s. What people see today as lead contamination is largely an artifact of technology, of the ability to concentrate lead into mediums such as drinking water pipes. The population at greatest risk from lead toxicity are children and the fetus.

Dr. Guidotti discussed some of the terminology relating to lead. He stated that the term "lead poisoning" means something quite specific to a clinician and something even more specific to a toxicologist. It means a specific disease. It is a collection of certain symptoms, and it is a response to a certain level of exposure to lead, not the general total universe of potential health effects related to lead. Lead poisoning can be thought of as a specific syndrome or disease. It is usually acute.

Lead toxicity is the term that those in toxicology use for the whole universe of potential effects of lead. It is generally used as a term for symptoms that are not necessarily part of classic lead poisoning but which one may be concerned about with lead exposure.

Dr. Guidotti stated that the concentration in water does not readily convert to blood levels. The concentration in water, for one thing, is measure differently. It is measured in what is called part per billion. Part per billion basically can be thought of as once microgram in one liter because one liter of water weights about a million grams, so it comes out to about one part per billion. You can think of a part per billion as being one second in 30 years or one drop of water in a swimming pool.

The concentration levels for blood lead are different. That is in micrograms per deciliter which is approximately ten times higher. Therefore, the numbers are measured differently. He stated that when you are talking about lead in drinking water, you are talking about lead that is either dissolved in the water or occasionally a little particle of lead that happens to float into the water and gets picked up when sampling is done.

In the human body, lead in the blood may be riding along in the red blood cells. It may be dissolved in the liquid part of the blood, but most of it goes fairly quickly into tissue especially bone and you never see it in the blood.

Finally, Dr. Guidotti concluded by restating that drinking water again is a minor source of lead for children. Drinking water may contribute a small amount if there is sustained exposure. So preventing sustained exposure is the big issue and the children of greatest concern are actually those who are already at greatest risk who have a body burden that is approaching or exceeding the 10 microgram per deciliter CDC recommendation.

Mr. Bardin requested that Dr. Guidotti provide the Board with information on the kinetic model and how it works, which is the only model that EPA has given that he is aware of, and on the smallest excursion that is measurable and what the numbers work out.

The transcript of this meeting with the detailed presentation is on file in the Office of the Secretary.

Administrative Items -Joint Use

Resolution of Appreciation to the Brita Company – The Brita Company executives recognized an opportunity to provide leadership by providing assistance to District residents and immediately donated 10,600 Brita water pitchers that are certified by national testing organizations as being effective to remove lead from drinking water.

Resolution of Appreciation to the Proctor and Gamble Company – The Proctor and Gamble Company management recognized a situation in which they could provide assistance to District of Columbia residents and immediately donated a total of 12,000 PUR pitcher and faucet water filtration systems that are certified by national testing organizations as being effective to remove lead from drinking water.

The Motion to Adopt Resolution of Appreciation to the Brita Company and Resolution of Appreciation to the Proctor and Gamble Company was Moved and Seconded with unanimous approval.

Consent Items (Joint-Use)

Approval of Extended Discovery Insurance Coverage – Resolution #04-37 – Approval to the General Manager to procure the one-year extended discovery period insurance coverages available under the \$65 million general liability and the public officials' liability policies that expired on April 7, 2004.

The Motion to Adopt Consent Items (Joint-Use) was Moved and Seconded with unanimous approval.

Consent Items (Non-Joint Use)

Approval of Expansion of the Customer Assistance Program to Tenants – Resolution #04-38 – Expansion of the Customer Assistance Program to assist tenants with their water bills.

Approval of Financing Options for Private Lead Service Line Replacement – Resolution #04-39 – The Board of Director's authorizes the General Manager to take all steps necessary to support private lead water service replacements by collaborating with commercial banks to provide access to below-market financing for qualified District homeowners.

Approval to Rescind Resolution #04-33, Contract No. 04-0070, Norair Engineering Corporation – Resolution #04-40 – The Board of Directors hereby rescinds the approval of Resolution #04-33, Norair Engineering Corporation.

Approval of Contract No. 04-0070, Capitol Paving of D.C., Inc. – Resolution #04-41 – The purpose of this contract is to replace 500 lead service lines with copper piping at locations that have been found to have high lead concentrations and/or the presence of a high risk permanent resident in the house. The contract amount is \$6,341,300.

The Motion to Adopt Consent Items (Non-Joint-Use) was Moved and Seconded with unanimous approval.

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,


Secretary to the Board of Directors